

[REDACTED]

[REDACTED]

[REDACTED]

MAR 7 1983

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

The data you submitted shows you are organized as a corporation to promote the health, safety and welfare and provide necessary services to the residents of [REDACTED] in [REDACTED] County, [REDACTED], and the members of [REDACTED], and to others who may become residents or members thereof.

Section 501(c)(3) of the Code provides exemption for:

"Corporations...organized and operated exclusively for religious, charitable,...or educational purposes,...no part of the net earnings of which inures to the benefit of any private shareholder or individual..."

Section 1.501(c)(3)-1(b)(1)(i) of the Income Tax Regulations provides that an organization is organized exclusively for one or more exempt purposes only if its Articles of Organization -

"(A) Limit the purposes of such organization to one or more exempt purposes; and

(B) Do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more exempt purposes."

Section 1.501(c)(3)-1(c)(1) of the Income Tax Regulations provide that:

"An organization will be regarded as 'operated exclusively' for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3)..."

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"(a)(1) In order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt."

Section 1.501(c)(3)-1(d)(1)(ii) of the Income Tax Regulations provides that all the organizations there described must serve a public rather than a private interest.

In regard to the first requirement, it appears from a reading of your articles of incorporation that you are not "organized exclusively for one or more exempt purposes." There is no language limiting your purposes to one or more of the permissible exempt purposes of section 501(c)(3).

In regard to the second requirement, we conclude the operation of a property owner association does not constitute "engaging primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3)." In addition, you do not meet the requirement that a 501(c)(3) organization serve public rather than private interests since the primary purpose of your organization is to safeguard and serve the interests of a small and exclusive group.

Based on the foregoing, we conclude you do not meet the requirements for exemption under section 501(c)(3). Contributions to your organization are, therefore, not deductible, and you are required to file Federal income tax returns on Form 1120.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

[REDACTED]

If this determination letter becomes a final determination, we will notify the appropriate State Officials, as required by section 6104(a) of the Code, that based on the information we have, we are unable to recognize you as an organization of the type described in Code Section 501(c)(3).

If you agree with these conclusions or do not wish to file a written protest, please sign and return Form 6018 in the enclosed self-addressed envelope as soon as possible.

If you have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely yours,

[REDACTED]  
District Director

Enclosures  
Publication 892  
Form 6018